United Nations S/2006/707

Security Council

Distr.: General
1 September 2006

Original: English

Report of the Secretary-General on the United Nations Interim Administration Mission in Kosovo

I. Introduction

1. The present report is submitted pursuant to Security Council resolution 1244 (1999) of 10 June 1999, by which the Council decided to establish the United Nations Interim Administration Mission in Kosovo (UNMIK) and requested the Secretary-General to report at regular intervals on the implementation of the mandate. It covers the activities of UNMIK and developments in Kosovo (Serbia), from 1 May to 14 August 2006.

II. Political assessment

2. During the reporting period, my Special Envoy for the future status process for Kosovo, Martti Ahtisaari, has continued to bring representatives of Belgrade and Pristina together for direct talks. UNMIK has continued to support the work of my Special Envoy, while he has sought to encourage greater results from standards implementation. The first high-level meeting was held at Vienna on 24 July. The President and the Prime Minister of Serbia and the President and the Prime Minister of Kosovo headed their respective delegations. It was a useful meeting which provided the parties with an opportunity to present their proposals on Kosovo's future status at the political level, although both used this forum to reiterate their divergent positions, substantial autonomy and independence, respectively.

3. Three additional rounds of direct talks between the parties on the decentralization of the governmental and administrative functions of Kosovo, including the delineation of municipal boundaries, were held at Vienna on 4 and 5 May, 19 July and 7 August. The parties met to discuss cultural heritage and religious sites on 23 May and 18 July, economic issues on 31 May, and community rights on 8 August. Despite convergence on some matters, the talks revealed that the parties remain far apart on most issues.

Political situation

4. The political situation in Kosovo during the reporting period was dominated by the future status process, and the underlying political challenges. Foremost among these is the issue of governance of the portion of Kosovo territory which lies north of the Ibar River. The words and actions of the parties continue to demonstrate

06-48351 (E) 070906

that this issue is among the most sensitive and that it poses formidable challenges to a viable conclusion of the process to determine the future status of Kosovo. Approaches to northern Kosovo will need to be carefully coordinated among relevant international actors.

5. Relations between Kosovo Albanians and Kosovo Serbs are still affected by apprehensiveness, particularly in northern Kosovo. In May, there were several highly publicized security incidents, which affected Kosovo Serbs but were not necessarily of an inter-ethnic nature. The incidents were denounced by some Kosovo Serb leaders and Serbian authorities as inter-ethnic attacks and, in their wake, a demonstration was held in protest on 5 June by approximately 800 Kosovo Serbs in Zveçan municipality. The Zveçan Municipal Assembly then declared that the security situation in the municipality and its environs necessitated "extraordinary" measures, including the cessation of contacts with the Provisional Institutions of Self-Government, and possibly the deployment and investigative involvement of Serbian police. On 12 June, Assembly members of Zubin Potok municipality confirmed they would also cease relations with the Provisional Institutions; undertake preparations for "self-protection"; and suspend cooperation with the Kosovo Police Service (KPS) in the area. On 13 June, the Leposavic Municipal Assembly followed suit. On 17 July, the Municipal Assembly Presidents of the three northern municipalities and the Regional Coordinator of the Coordination Centre for Kosovo and Metohija for northern Kosovo requested the withdrawal of Kosovo Albanian members of the KPS border police in northern Kosovo. While rejecting contacts with the Provisional Institutions, those municipalities maintained cooperation with UNMIK.

6. The Mission and the Kosovo Force (KFOR) responded by increasing the security presence through the deployment of additional international and Kosovo police officers. My Special Representative and Special Envoy engaged in contacts with authorities in Belgrade, Pristina and northern Kosovo to address the situation, and UNMIK sought to improve the flow of information to local residents. On 4 August, the Contact Group reaffirmed that there will be no partition of Kosovo and called upon Belgrade, Pristina and the residents of Kosovo to take steps to ensure that northern Kosovo remains a stable region where the rights of all are respected. The Contact Group also suggested that the international community would be increasingly engaged in northern Kosovo, before and after a determination of Kosovo's future status.

7. The governing coalition parties, the Democratic League of Kosovo and the Alliance for the Future of Kosovo, continued to work together, under the leadership of the Prime Minister of Kosovo, Agim Çeku. On 28 June, after his first 100 days in office, the Prime Minister confirmed that he was satisfied with the performance of his Government.

8. The functioning of the Kosovo Assembly continued to improve; there were more regular meetings and greater transparency, as well as increased debates before the adoption of laws. While differences remain between the governing coalition and the opposition Kosovo Albanian parties, which hampered the performance of the Assembly on occasion, they remained unanimous regarding the outcome of the ongoing political process. The Kosovo Albanian parties continued to participate in the Kosovo negotiating team. While their focus on the future status process should have led to an increase in high-level outreach by Kosovo Albanian leaders to

minority communities, it decreased from the previous reporting period. Non-Serb community members have participated in the future status talks as part of the Pristina delegation.

9. Kosovo Serb participation in the government structures of Kosovo remains marginal, particularly at the central level, and their lack of engagement in political and institutional life remains an obstacle to the fulfilment of certain standards. Kosovo Serbs from northern Kosovo continued to participate in the future status talks as part of the Belgrade delegation. Most municipalities increased their engagement with and responsiveness to minority communities although there was little increase in Kosovo Serb participation in municipal bodies, or in those established to protect the rights and interests of communities. However, the Serbian Democratic Party of Kosovo and Metohija continued to participate in the Government, holding the Ministry of Communities and Returns. Some Kosovo Serb leaders maintained informal contacts with representatives of the Provisional Institutions.

10. Unfortunately, there has been no change in Belgrade's position, which continues to discourage Kosovo Serb participation in Kosovo's governing bodies, and they have yet to heed calls to return Kosovo cadastral records. In response to the March directive from the Coordination Centre (see S/2006/361, para. 9), Kosovo Serb employees have mostly chosen to be on the payroll of the parallel structures supported by Belgrade, instead of the payroll of the Provisional Institutions. Both my Special Representative and Special Envoy have continued to seek a change in these positions.

11. Following consultations with all key political actors in Kosovo, on 16 June, my Special Representative decided to postpone the 2006 Kosovo municipal elections for up to 12 months to maintain focus on the future status process. The municipal elections will be held between three and six months after the date of a decision by the Security Council determining the future status of Kosovo.

Standards

12. A detailed technical assessment of standards implementation for the period from 1 May to 14 August, prepared by my Special Representative, is contained in annex I to this report. The ongoing political process has had a noteworthy effect on the commitment of the Kosovo authorities to standards implementation, and its results. The Provisional Institutions have also shown a greater willingness to take responsibility for both minority concerns and for improved governance in an effort to enhance Pristina's credibility in the future status talks.

13. Standards implementation focused on the 13 priorities identified by the Contact Group in June, which primarily address community-related issues. The Prime Minister designated lead agencies responsible for each area, and announced that progress in them was the Government's top priority. To date, 5 of the designated 13 priorities have been reported as completed. Implementation of the remaining priorities is on track for completion within the specified deadlines.

14. The Government of Kosovo recently adopted a European Partnership Action Plan, which embeds the values and principles of the standards in the process of the European integration work, and thus replaces the 2004 Kosovo Standards Implementation Plan (see S/2006/45, para. 9, and S/2006/361, para. 6).

Security situation

15. The security situation remained generally stable, although fragile, and has not been adversely affected by the ongoing future status process. The number of confirmed inter-ethnic incidents remained low, although their impact continued to be high. A number of serious crimes were committed during the reporting period. UNMIK considers that those incidents have not increased overall insecurity, however. The Prime Minister of Serbia, Vojislav Kostunica, visited Kosovo on 28 June; apart from two demonstrations against the visit and the arrest of more than 100 demonstrators, the visit passed without incident.

16. In close coordination with KFOR, UNMIK police and the Kosovo Police Service have taken measures to enhance security throughout Kosovo, with particular attention to the north as noted above, including programmes to enhance relations between the police and minority communities. Border and boundary controls, including customs, were strengthened through the deployment of international officers. UNMIK police strength will remain at about 2,060 officers although their role, while retaining overall authority in this area and without prejudice to resolution 1244 (1999), has shifted increasingly to mentoring and monitoring the Kosovo Police Service as it assumes additional operational functions.

17. Following the successful conclusion of the interim review of the transfer of competencies and the subsequent promulgation of an UNMIK regulation transferring further competencies to the Kosovo Ministry of Internal Affairs, the Ministry has continued to make generally satisfactory progress towards full establishment. Most directors and section chiefs, as well as the Permanent Secretary have been appointed, albeit after considerable delay, following transparent and merit-based selection procedures in accordance with the applicable law. Donors have also launched technical assistance programmes in support of the new Ministry targeting the development of legislative, strategic and policymaking capacities. The Ministry took an active and positive role in the finalization of terms of reference for the Municipal Community Safety Councils and Local Public Safety Committees, which will play a key role in ensuring that the security of local communities, in particular minority communities, is adequately and transparently addressed by police. In addition, the chief inspector and inspectors for the Police Inspectorate of Kosovo were recruited, again following a transparent merit-based process and began training.

18. Additional competencies in the justice sector were transferred to the Kosovo Ministry of Justice, while UNMIK retained overall authority in this area. The Ministry extended its responsibilities to executive oversight of the correctional service, with the exception of Dubrava prison in emergency situations, which remains under UNMIK. It also supported the KPS forensics laboratory and a capacity-building project for local prosecutors working with international counterparts on serious and sensitive criminal cases. No significant progress has been made in investigating and prosecuting cases related to the violence of March 2004. The Kosovo Judicial Council nominated 12 minority candidates for positions, which have been forwarded to my Special Representative and the Kosovo Assembly for approval.

Decentralization

19. While the decentralization process was previously based in Pristina, those discussions have now shifted to the future status process. UNMIK however continues to provide expert advice and support to the Office of the Special Envoy for the future status process for Kosovo on the reform of local self-government. UNMIK liaised with local stakeholders and evaluated proposals on the delineation of new municipal boundaries and the transfer of competencies from central institutions to the proposed new municipal units prepared by the Provisional Institutions, the Government of Serbia, the Serbian List for Kosovo and Metohija and the Office of the Special Envoy.

20. Despite earlier progress, the implementation of three pilot municipal units — two in Kosovo Albanian areas and one in a Kosovo Turkish-majority area — has faced challenges, owing to a lack of capacity in the pilot municipal units and the municipalities from which they are derived. Nonetheless, work continued to develop agreements on competencies in key areas such as taxes, civil status documents, education and health. The two foreseen Kosovo Serb-majority pilot municipal units have not been established as planned (see S/2006/45, para. 10).

Cultural and religious heritage

21. During the reporting period, there was a notable increase in reports of vandalism against Serbian Orthodox Church sites. In response, the Kosovo Ministry of Culture, Youth and Sports appointed a focal point to liaise with the Kosovo Police Service to facilitate the reporting of any criminal acts against significant objects of cultural or religious heritage. In mid-July, the Kosovo Police developed operational plans to increase security at such sites, especially at Serbian Orthodox churches undergoing restoration. Despite earlier positive developments, in the end the Kosovo Assembly included two key passages in the Law on Cultural Heritage, one calling for additional legislation to define the status of religious communities and another to ensure that the content of the law would be subsequently harmonized with the outcome of the future status talks, only after my Special Envoy intervened.

22. The reconstruction of Serbian Orthodox Churches damaged or destroyed during the violence of March 2004 has moved forward. The Reconstruction Implementation Commission, chaired by the Council of Europe, held its first official meeting this year on 17 and 18 May and agreed on its project programme for 2006. In June tenders were launched for the first extensive interventions on three sites, for which work began in August. Four more reconstruction projects are also to be taken up in August. The support of the international donor community remains vital for the reconstruction. An umbrella memorandum of understanding with UNESCO that will facilitate the implementation of projects financed by $10 million of pledged funds is being finalized.

Returns

23. A welcome development was the signing of the Protocol on Voluntary and Sustainable Returns in Pristina on 6 June by my Special Representative and the Belgrade and Pristina representatives on the Working Group on Returns. The Protocol signals the operational and technical cooperation of Belgrade and Pristina to improve the conditions for, and facilitate the returns of, internally displaced persons to Kosovo. It had an immediate impact: more than 70 families agreed to

return to one Serb-majority village. While remaining steady, the number of minority returns to Kosovo is not satisfactory; the Office of the United Nations High Commissioner for Refugees estimates that only 770 minority community members returned from January to June 2006. Internally displaced persons continue to cite economic and security factors as the primary reasons for their reluctance to return, as well as uncertainty regarding the future status outcome.

24. At the end of June, UNMIK and the Provisional Institutions agreed on the allocation of remaining funds to support returns of Roma and Kosovo Serbs. The funding shortfall of €20 million affects 14 approved return projects, however. The recently established Kosovo Property Agency, which has a mandate to resolve claims relating to private property including agricultural land and commercial property, will, it is hoped, contribute to overcoming a major obstacle to returns.

25. Cooperation on returns between the Provisional Institutions and the Coordination Centre for Kosovo and Metohija continued at the local level, particularly on matters of humanitarian concern. For example, the Provisional Institutions provided an additional amount of €500,000 to complete a return to Istok funded by the Centre.

Dialogue

26. The working groups established for the direct dialogue on technical matters between Pristina and Belgrade proceeded slowly during the reporting period. Overall, no significant progress was achieved, and only limited progress is expected given that attention is on the future status process. Nonetheless, UNMIK continues to pursue dialogue in those forums. Some progress was made on returns and missing persons and, on 1 August, the Belgrade and Pristina cultural coordinators signed draft terms of reference for working groups on, inter alia, the return of documentation and artefacts and archaeological issues. At the June conference of the Council of South-Eastern European Ministers of Culture, the Serbian and Kosovo Ministers of Culture held further bilateral meetings on cooperation.

Regional cooperation

27. Regional cooperation continued to improve during the reporting period. UNMIK, having leaders of the Provisional Institutions in most of its delegations, participated in regional initiatives, including those under the auspices of the Stability Pact and the South-Eastern Europe Cooperation Process. On 30 May, UNMIK led a delegation to the Stability Pact Regional Table meeting in Belgrade, where the countries of South-Eastern Europe agreed to a regionally owned cooperation framework that will gradually assume the responsibilities of the Stability Pact. Negotiations continued with regional neighbours in economic sectors, including on the Athens Agreement on Energy and the Central European Free Trade Agreement. On 9 June, UNMIK signed on behalf of Kosovo the Multilateral Agreement on the Establishment of the European Common Aviation Area.

Future international arrangements and transition

28. Under the leadership of my Special Representative, preparations continued for the implementation of an eventual political settlement, including planning for an eventual transition and a possible future international civilian presence in Kosovo (see S/2006/361, para. 21). The Steering Group continued to meet in Vienna under

the chairmanship of my Special Representative, as did the local Steering Group in Pristina. On 6 June, the European Union deployed a planning team to Pristina to plan for a possible operation in the areas of police and justice. The nucleus of a future international political civilian office has also been established to begin operational planning for an eventual presence.

III. Observations

29. I am pleased that the political process to determine the future status of Kosovo is proceeding with the active and high-level participation of both sides. I am disappointed, however, that little common ground has been identified between the positions of the Serbian and Kosovo delegations, which remain committed to "substantial autonomy" and "full independence" respectively, with minimal space for negotiation. Both sides would be better served by more flexibility in their positions. I again call on both sides to engage in these talks in a spirit of compromise. It is the responsibility of the parties to find common ground and a sustainable solution, acceptable to both sides, although the support of the international community remains essential to ensure progress.

30. Regardless of the outcome, a political settlement will not eliminate the many difficulties Kosovo will face for some time to come. I appreciate the commitment with which the Prime Minister and his Government have addressed standards implementation, and call upon them to ensure that their efforts are maintained and sustainable. The implementation of the priority requirements is crucial to ensuring a multi-ethnic Kosovo, but it is important not to lose sight of the fact that all of the standards are important for the future of Kosovo. I call upon Kosovo's leaders to make further progress also in other standards.

31. It remains equally important that Kosovo Serbs participate in the institutions of Kosovo. Lack of participation is a disservice to the Kosovo Serb population, precluding an opportunity to construct optimal conditions for the future of their community. As in my last report, I call on the Belgrade authorities to remove all impediments to Kosovo Serb participation in Kosovo institutions. I would also note that, at this sensitive time, Kosovo's leaders must redouble their outreach to all communities, and not step back from doing so in order to focus on their ultimate political objectives. Now is the time to reassure all communities that they have a place in Kosovo in the future regardless of its status.

32. Despite the generally stable security situation, I remain concerned with incidents of violence targeting people or religious sites, and I strongly condemn them, particularly those that are inter-ethnic. Those responsible must be brought swiftly to justice.

33. I am also concerned by the cessation of relations by the northern municipalities with the Provisional Institutions, and their calls for independent security mechanisms. I urge all concerned to cease inflammatory accusations and to pursue a constructive resolution of these matters.

34. I welcome the recent activities of the European Union on the ground, which, together with the equally invaluable efforts of our other partner organizations, will assist in a coherent transition following an eventual determination of the future status of Kosovo.

35. I would like to extend my appreciation to my former Special Representative, Søren Jessen-Petersen, and to welcome my new Special Representative, Joachim Rücker, whose proven commitment and capability will be an asset to the Mission in the next critical phase. I also express my gratitude to the staff of UNMIK for their continued dedication and their steadfastness in carrying out their challenging tasks, often in difficult circumstances. I would like to extend my appreciation to KFOR, our partners within UNMIK — the European Union and the Organization for Security and Cooperation in Europe — and the United Nations agencies, funds and programmes as well as other organizations, contributors and donors for their commitment and valuable support.

Annex I

Technical assessment of progress in implementation of the standards for Kosovo

Prepared by the Special Representative of the Secretary-General for Kosovo, 14 August 2006

Introduction

1. The increased momentum in standards implementation continued, with a clear emphasis on 13 specific priorities identified by the Contact Group, most of which are focused on minorities. Five of these 13 points have already been implemented. The Government has announced that four more action points will be fulfilled by 31 August.

Functioning democratic institutions

2. The Assembly adopted a comprehensive reform plan in June, resulting in more regular and frequent plenary sessions, improved forward planning and greater transparency and coordination between the Presidency, committee chairpersons and the leaders of parliamentary groups.

3. Revision to the rules of procedure has significantly improved interaction between the Assembly and the Government. Each plenary session now has time reserved for members' questions to the Government. At a three-day plenary session in July, the Assembly held extensive debates on the first 100 days of the Government's work.

4. During the reporting period the Assembly adopted 10 laws and approved 7 others at the first reading.

5. On 27 July, the Assembly adopted the Law on Languages (a Contact Group priority) which provides for full equality of Albanian and Serbian as official languages of Kosovo. However, an amendment proposed by the Government to make Turkish an official language in the municipality of Prizren was not approved by the Assembly, prompting a challenge to the law led by the head of the Turkish Democratic Party of Kosovo (KDTP). On 3 August, the Prime Minister, the President of the Assembly and the head of KDTP agreed to resubmit the amendment to the Assembly.

6. The Government has added 15 new translators to improve staffing of central-level language units (a Contact Group priority). Efforts to recruit additional translators needed in municipalities are limited by budgetary constraints. Twenty-two of 30 municipalities now have simultaneous translation equipment installed. Twenty-five are fully or partially language compliant in respect of road signs. Twenty-four are fully or partially compliant in respect of signs on municipal buildings. The Kosovo Institute for Public Administration began a programme of professional training for translators, providing instruction to 60 municipal staff in June.

7. Language compliance monitoring mechanisms (a Contact Group priority) did not strengthen during the reporting period. The last report of the Provisional

Institutions of Self-Government on translation statistics was presented in February 2006.

8. An initial effort has been undertaken by the Ministry of Local Government Administration and the Ministry of Public Services to collect administrative instructions and where necessary translate them into Serbian and distribute them to municipalities (a Contact Group priority). However, the files collected do not include all administrative instructions, and a significant number of those collected in Albanian are still missing in Serbian. No documents have been collected yet from the Ministry of Culture, Youth and Sports, the Ministry of Communities and Returns and the Ministry of Justice.

9. A code of conduct for civil servants was approved by the Government on 17 May.

10. The Senior Public Appointments Committee has made decisions on the appointment of four Permanent Secretaries and on the recruitment of an agency chief executive officer. Recently drafted rules of procedure for the Advisory Committee have improved its functioning.

11. More than 3,250 Kosovo Serb teachers, health-care workers and administrative staff have withdrawn from the payroll of the Provisional Institution to date, following an ultimatum given to them by Belgrade to do so or forfeit their salaries and pensions paid by Belgrade. Those moves have weakened the link between Kosovo Serbs and local institutions and at the same time have strengthened parallel structures.

12. The Government is holding in trust the salaries of the Kosovo Serbs who have left the payroll of the Provisional Institutions, in recognition of the fact that they continue to perform their jobs and as such continue to provide services for their communities. In addition, the Minister of Public Services has undertaken a series of direct outreach meetings in five municipalities to encourage minority communities to work in the Provisional Institutions and to invite employees who have withdrawn from the payroll of the Provisional Institutions to receive their salaries.

13. The Government approved on 3 May a long-term strategy to increase the number and improve the position of women in the Provisional Institutions, drafted by the Office of Gender Equality.

14. On 1 June, the Government began publishing the Official Gazette of the Provisional Institutions in five languages, distributing copies both in print and through the Government website. However, the text of the first volume was not published in accordance with UNMIK Regulation 2005/25 and needs to be corrected and re-published.

15. In July, the Government distributed the first grants from its Minority Media Fund (a Contact Group priority) to 11 recipients (four Kosovo Serb, two Bosniak, one Turkish, two multi-ethnic and two media organizations representing vulnerable groups).

16. No progress has been made in extending the reach of the television signal of Radio Television Kosovo from the current 75 per cent of the population to 90 per cent, as required by law. The implementation of the law will require a substantial financial investment, roughly estimated at between €1 million and €2 million.

17. The Assembly finalized the establishment of the Council of the Independent Media Commission by appointing the fifth local member on 28 July (a Contact Group priority).

Functioning democratic institutions: challenges ahead

18. Significant work remains to improve compliance with official language policy. Final passage of the Language Law will help in this direction, as will early establishment of the Language Commission foreseen in the law. However, additional capacity and resources need to be identified to improve compliance monitoring and fully implement the law when promulgated.

19. The Office of the Official Gazette needs additional capacity and resources to fulfil all of its obligations, including developing a medium-term plan to publish more than 100 laws promulgated since 2002.

20. The Council of the Independent Media Commission needs to appoint its chief executive in accordance with the procedure set out in the law.

Rule of law

21. The transition of additional competencies to the Ministry of Justice and the Ministry of Internal Affairs has been smooth. Minority representation is 10 per cent in the Ministry of Internal Affairs and 14.6 per cent in the Ministry of Justice. Both ministries have Permanent Secretaries appointed by the Senior Public Appointments Committee.

22. Additional functions have transitioned to Kosovo Police Service (KPS) control, including border police stations and the Department of Crime. On 20 July, the Vërmicë/Vrbnica border station was the first to be transitioned to KPS and another six followed.

23. The Kosovo Police Service and the Kosovo Correctional Service remained multi-ethnic, with 16.01 per cent of minority staff in the Police Service (slight increase from the last reporting period) and 14.52 per cent minority staff in the Correctional Service.

24. Crime clearance rates remained broadly comparable across communities.

25. A comprehensive judicial and prosecutorial vetting procedure is in preparation.

26. Insufficient progress has been made in investigating and prosecuting cases relating to the riots of March 2004 (a Contact Group priority). Local courts are handling cases against 513 persons. 423 people were convicted, 8 were acquitted, charges were dropped against 19 and cases are pending against 63 persons. International prosecutors have conducted the most serious cases; there were 56 initially but 11 of them were never developed for lack of evidence; 13 resulted in convictions (against 26 defendants); one resulted in acquittal; 14 were terminated or dismissed for lack of evidence; 6 cases were handed over to local prosecutors, and 11 are pending. A list of priority cases for investigation and prosecution was agreed by police and the Department of Justice. The Kosovo Police Service has assigned investigators to all of the prioritized cases.

27. Minority community members are 9.6 per cent of judges and 8.1 per cent of prosecutors. As a result of a recruitment campaign for judges and prosecutors

targeting members of underrepresented communities, the Kosovo Judicial Council recommended for approval 22 candidates for judges and prosecutors, including 12 from minority communities.

28. Eleven Court Liaison Offices are established and operational (a Contact Group priority). The final two Court Liaison Offices at Osojan/Osojane (Istog/Istok) and Bablak/Babljak (Ferizaj/Uroševac) were opened on 7 July with the participation of the Minister of Justice. Court days are being scheduled.

29. The civil court backlog increased 2.4 per cent over the reporting period, to 45,053 cases.

30. On 17 July, the Assembly appointed the Director of the Anti-Corruption Agency (a Contact Group priority). Adequate office space needs to be found and additional staff recruited for the agency to become operational. The Agency should begin implementing the Anti-Corruption Strategy and Action Plan, which includes the adoption of additional legislation and a public information campaign.

Rule of law: challenges ahead

31. The smooth transition of competencies to the Ministry of Internal Affairs and the Ministry of Justice should continue. The Ministry of Public Services needs to transfer the Department of Civil Status to the Ministry of Internal Affairs. Staff and advisers of the Ministry of Justice and the Ministry of Internal Affairs need to be hired in a transparent manner through a merit-based procedure. Staff of those Ministries need to be impartial, professional with a clean background and include the required percentages of minorities.

32. Measures to protect witnesses and court officials from intimidation need to be strengthened. Legislation on witness protection needs to be finalized.

33. Greater efforts are needed to conclude the remaining prosecutions relating to the violence of March 2004. Those prosecutions need to be designated as a high priority. Local leaders should publicly call for witnesses to come forward because progress is hampered by the failure of witnesses to testify.

34. New efforts need to be launched to address the increasing backlog of civil cases and to manage the caseload effectively.

35. Serious and organized crime, financial and economic crime, including money-laundering and trafficking, continue to be a challenge for Kosovo as for the whole region.

Freedom of movement

36. Political and institutional leaders continued to condemn incidents of violence and vandalism.

37. The police assessed the security situation in Kosovo as stable but fragile. Police figures for potential ethnically motivated incidents have remained low and continue to show a declining trend compared to 2005.

38. Surveys by the Kosovo Police Service of minority freedom of movement during the reporting period show an increasing trend of people who consider their travel in Kosovo to be safe. In May, 84 per cent of those interviewed assessed their travel as safe; in August, 94 per cent.

39. UNMIK and the Government are engaged in discussions to transfer operation of the Freedom of Movement Train and the humanitarian bus service from UNMIK to the Ministry of Transport and Communications. A draft memorandum of understanding between UNMIK and the Ministry has been prepared. The draft defines general principles for minority transportation and the methodology for selecting the bus routes in consultation with minority communities.

40. The Ministry of Transport and Communications is preparing an overall strategy for minority transport including identification of long-term funding which the Government has announced will be finalized by 31 August (a Contact Group priority).

41. The vehicle technical control centre in Zubin Potok was the first to comply with the technical requirements and it was licensed on 31 May 2006. The Ministry of Transport and Communications will inspect the centre at Leposaviq/Leposavić in August. Other centres still need to fulfil the technical criteria for licensing.

42. In an effort to ensure access of all communities to the police, police sub-stations have been opened in 18 minority communities (a Contact Group priority), and it is expected that four more will be opened within a month and four additional sub-stations at a later date. Local Public Safety Committees have been established in 14 areas. Three additional Committees are expected to be established. Terms of reference for those committees and Municipal Community Safety Councils have been finalized.

Freedom of movement: challenges ahead

43. The public transportation strategy for minorities needs to be completed and necessary funding allocated to ensure its sustainable implementation.

44. Malisheve/Mališevo, Shtërpcë/Štrpce, Leposaviq/Leposavić, Novobërdë/Novo Brdo and Zveçan/Zvečan need to establish Municipal Community Safety Councils in accordance with UNMIK Regulation 2005/54.

45. Confidence-building measures, such as the Prime Minister's Confidence Building Task Force and the recently launched Communities Security Council, must continue their efforts to make members of minority communities feel safer and more confident in their freedom of movement.

Sustainable returns and the rights of communities

46. There has been major progress in completing the reconstruction and compensation programme relating to March 2004 (a Contact Group priority). On 16 June, the Special Representative of the Secretary-General, at the request of the Prime Minister, Agim Çeku, assigned the Kosovo Protection Corps a major role in completing the reconstruction work in Svinjarë/Svinjare and in utilizing the humanitarian and public services of the Kosovo Protection Corps to help resolve other pending claims relating to the reconstruction.

47. The Kosovo Protection Corps has held meetings in Svinjarë/Svinjare with all stakeholders, including internally displaced persons, the receiving community and municipal officials, and repairs to buildings have now begun and should be completed by the end of October. A decision-making board has been established and is holding regular meetings.

48. On 6 June, a returns protocol was signed by UNMIK, Pristina and Belgrade, reaffirming all sides' commitment to returns. The Protocol seeks to improve the conditions for return and enhance capacity for implementation of return projects through provisions that range from providing access to basic services for the returnees to promoting integration of internally displaced persons.

49. The Ministry of Communities and Returns has adopted a work plan aimed at improving the Ministry's management. It has also started to implement recommendations made by the Independent Oversight Board regarding deficiencies in employment procedures. Discussion on the transfer of competencies in the field of voluntary returns from UNMIK to the Ministry, with the assistance of other United Nations agencies, is ongoing.

50. Returns projects proposed by the Ministry of Communities and Returns have not been in conformity with policies on sustainable returns, and as a consequence have not been approved by the Central Review Mechanism. The project being implemented by the Ministry in Zoçishte/Zočište lacks overall coordination by the Ministry and has not been successful in attracting the displaced to return because it does not include components related to infrastructure, community dialogue and income generation.

51. The Government and UNMIK reached an agreement on 30 June on the allocation of the Ministry's remaining returns funding for 2006 (a Contact Group priority). The Ministry transferred €1.5 million for individual returns, and €500,000 to support an urban returns project in Istog/Istok. The transfer of €210,000 to the Ministry of Environment and Spatial Planning for the closure of Plementina camp is expected to be completed in September as part of the mid-year review of the budget. To support the completion of the March 2004 reconstruction and compensation programme, €550,000 was transferred from the Government's contingency funding, adding to €417,000 already available. The Ministry of Communities and Returns has also taken the necessary action to transfer a further €1.1 million for the programme as part of the agreement with UNMIK. The transfer of €1.4 million for a Kosovo Serb return project in Skenderaj/Srbica and an urban return project for Kosovo Roma in Gjilan/Gnjilane has been delayed by the Ministry, preventing work from starting during the 2006 reconstruction season.

52. Returns projects are ongoing in 18 municipalities and planned in 7 more. Urban returns are ongoing in 11 municipalities and planned in 6 more. The return on 18 July of 35 Kosovo Serb families to Babush/Srpski Babuš (Ferizaj/Uroševac) constitutes the largest group return during the reporting period. Twenty-one municipalities have endorsed 2006 municipal returns strategies and eight remaining municipalities have draft strategies in the process of approval.

53. The funding gap for identified return projects is €23 million. The lack of funding for returns projects is the single most important obstacle to returns.

54. Visible support for returns and outreach to displaced and receiving communities continues on the part of political leaders. The President, the Prime Minister, and most ministers have continued to visit minority areas. Most municipalities have demonstrated greater willingness to engage with communities, especially the Kosovo Serbs, and to respond to their concerns by conducting outreach activities.

55. Kosovo Roma continued to move out of the lead-contaminated camps in northern Mitrovicë/Mitrovica and Zveçan/Zvečan into safer facilities in the northern part of the city. A total of 167 individuals remain by their own choice in the contaminated camps, despite the offer of safer alternatives, but some of them are planning to move.

56. On 8 May, the Deputy Prime Minister inaugurated a social housing complex in Magurë/Magura village (Lipjan/Lipljan municipality) for 22 Roma, Ashkali and Egyptian families from Plementina camp. On 26 May, the Prime Minister inaugurated the second social housing building in Plementina village, which will house 40 internally displaced Roma families from the camp. Both were funded by the Kosovo Consolidated Budget.

57. The Minister for Finance and the Economy signed an administrative instruction on fair share financing on 10 August, aimed at improving accounting and reporting by municipalities of expenditure benefiting minority communities. The report on fair share spending for the second quarter of 2006 is expected in September, once municipal staff are trained on the new system.

58. On 10 May, the first administrative instruction to implement the Anti-Discrimination Law was approved since the promulgation of the law in August 2004. Human rights units in the ministries continue to strengthen and have become the major structural mechanism to facilitate the implementation of the Law.

59. On 13 July, the Assembly adopted the Law on Religious Freedom (a Contact Group priority).

Sustainable returns and the rights of communities: challenges ahead

60. The Ministry of Communities and Returns needs to further improve its functioning as a ministry, including building the capacity to develop policies and monitor their implementation, manage programmes and supervise funding of returns projects, and coordinate all efforts of the Provisional Institutions in the area of returns.

61. The Government needs to complete the reconstruction of and compensation for property damaged in March 2004, so that the people displaced by those events may have the choice of returning. A Government-led panel for resolving the compensation and reconstruction claims outside Svinjarë/Svinjare needs to be established.

62. A database of displaced persons needs to be developed to measure the demand to return.

63. Continuing efforts are needed to implement the Comprehensive Action Plan against Discrimination.

Economy

64. All budget organizations have submitted their identified savings and additional budget requests for the mid-year review on time. The review is expected to be finalized by the end of August. Preparations for drafting the 2007 budget were launched on time. The development of the 2007-2009 medium-term expenditure framework is in progress. Substantial analytical work is under way with regard to projections of donor support and the implications of assuming debt.

65. Public expenditure remains within budget ceilings across all economic categories and in most budget organizations. The Ministry of Finance and the Economy reports that budget organizations have spent 35.2 per cent of their annual appropriation in the first half of 2006. Capital spending has been slower, however, with only 12 per cent of the annual budget allocation spent as at the end of June.

66. Very limited progress has been made in implementing the IMF Letter of Intent. The Ministry of Finance and the Economy has refused to disburse wages when requests have exceeded budget ceilings, and has proposed a cut in ceilings for 2007. The Government rejected the draft law on employment promotion proposed by the Ministry of Labour and Social Welfare because of its high projected cost. Other costly laws have been adopted, however, implementation of which would contradict the Letter of Intent, and no significant steps have been taken to implement the commitment to cut public employment by 10 per cent. IMF has postponed its next staff mission to Kosovo, noting both the lack of progress in implementing the Letter of Intent and a "policy drift [that] risks the mobilization of budget support" by donors.

67. The head of the Investment Promotion Agency was appointed on 5 June, and its operational statute has been approved.

68. Four more waves of privatization have been launched. The total proceeds of paid contracts currently amount to €236,152,396. In addition, the Kosovo Trust Agency Board had approved a total of 62 liquidations with total proceeds amounting to €1,465,416 at the end of July 2006. However, 23 new companies (up from 11 in the previous reporting period) have been removed from the tender procedure since May, owing to a lack of adequate cadastral records — a problem arising primarily from lack of cooperation on the part of Belgrade, and to a lesser extent lack of cooperation on the part of some Kosovo municipalities.

69. The Government submitted amendments to the draft law on public procurement to the Assembly on 6 August (a Contact Group priority).

Economy: challenges ahead

70. Commitments to IMF need to be fully implemented: eligibility for basic pensions and other social benefits should be more strictly controlled or revised; new benefits should not be adopted; proposed laws need to be brought into line with available resources; and detailed planning needs to be done to implement the promised 10 per cent cut in public employment.

71. Budget organizations need to take immediate steps to implement auditors' recommendations regarding procurement practices. The Assembly needs to adopt the revised draft law on public procurement.

72. Budget organizations need to improve cooperation with the Treasury in the implementation of financial regulations and procedures on public expenditure. In particular, budget organizations need to commit money when incurring financial obligations to prevent the accumulation of hidden arrears.

73. Improving revenue collection remains a major challenge for the Kosovo electricity company (KEK). The list of public debtor institutions needs to finalized and sent to the Government. The Ministry of Finance and the Economy needs to

follow through and freeze the accounts of those budget organizations that have not been paying their electricity bills.

Property rights

74. Legal reform relating to property rights moved forward. The draft law on the treatment of illegal construction was sent to the Assembly for approval. The draft law on housing was completed and is with the Ministry of Environment and Spatial Planning for final corrections.

75. On 12 July, the Supervisory Board of the Kosovo Property Agency was established. The members of the Board include the Minister of Environment and Spatial Planning and a Kosovo Serb representative.

76. The Housing and Property Directorate/Housing and Property Claims Commission has adjudicated at the first instance all but one of the 29,155 claims received. Of those, 93.7 per cent or 27,140 claims have been resolved (a Contact Group priority), more than 900 of them during the reporting period. Around 600 claims need to be resolved, in addition to another 1,200 that are pending appeal.

77. The Kosovo Property Agency continues to register claims on occupied agricultural and commercial property and other residential claims; 1,113 claims had been received at 10 August. Standard operating procedures for effective police support to the implementation of the Agency's mandate have been drafted (a Contact Group priority).

78. In view of concerns expressed regarding the ability of the courts to process property cases efficiently, a draft regulation to replace UNMIK Regulation 2006/10, by which the Kosovo Property Agency was established, is being prepared. The new regulation would grant the Agency's Property Rights Commission quasi-judicial status instead of involving courts in claims processing. Parties would still have the right to appeal the Commission's decisions to the Supreme Court.

79. The Government and the Kosovo Property Agency have agreed to implement a pilot project on the rental scheme (a Contact Group priority) that includes the properties under Agency administration whose owners are identified and who would be able to receive the rent collected. A total of 3,481 properties administered by the Agency at the claimants' request are to be included in the scheme.

80. A new project to reconstruct cadastral records in the five largest municipalities will be launched soon with the support of the World Bank and the Government of Sweden. In addition, the Kosovo Cadastral Agency is taking steps to address the problem of unregistered apartments.

Property rights: challenges ahead

81. Investigation and prosecution of illegal occupation and unlawful entry needs to improve. The Office of the Public Prosecutor needs to issue new guidance to police and prosecutors on handling these cases.

82. The finalization of a detailed action plan for legal reform would ensure better coherence and compliance with international standards. Harmonization of the whole framework is needed.

83. The increasing backlog of property-related cases needs to be addressed in order to ensure due process of law.

84. Kosovo cadastral and judicial records currently held by Serbian authorities need to be returned.

85. Concrete actions to regularize informal settlements at the municipal level are still necessary.

Cultural heritage

86. The revised draft of the Law on Cultural Heritage was adopted at the first reading on 28 July (a Contact Group priority). However, the law did not contain either of two provisions that Pristina agreed to at meetings with the Office of the Special Envoy late in April. The President of the Assembly and the Minister of Culture, Youth and Sports have subsequently given assurances of their support for incorporating those provisions into the draft law before its final approval by the Assembly, expected before October 2006.

87. New terms of reference have been signed for the Reconstruction Implementation Commission and a programme of works for 2006 was agreed upon. The first round of tenders for extensive reconstruction works in 2006 was launched in June for three sites. Works should begin on these sites late in August. A second round of tenders was launched early in August for three other sites and for additional work on the three previously tendered ones. The start of these works is expected in September and October. An accelerated tender was launched early in June for repair of the lead roof stolen from Lieviska Church. Work began on that site on 31 July.

88. There has been a significant increase in the number of incidents relating to cultural heritage property and monuments. From 16 April to 6 August, 18 incidents were reported to the police, of which eight involved damage to gravesyards/gravestones, four involved thefts at Orthodox churches, four were damage to religious sites, one involved an illegal excavation in a special zoning area and one involved damage to a war memorial. Investigations are ongoing in 10 of the cases while the other 8 cases have been referred to prosecutors.

89. Following this series of incidents, the Ministry of Culture, Youth and Sports held urgent meetings with the Kosovo Police Service and KFOR representatives to identify additional special protection measures, especially for sites currently under reconstruction, and a general operational plan to enhance security of cultural heritage sites throughout Kosovo. The Minister and municipal authorities publicly condemned the most serious incidents in a timely manner. Focal points for faster communication were appointed by the Ministry and the police in June.

90. The Ministry of Culture, Youth and Sports still has no policy for the allocation of funding for cultural heritage protection in 2006, thus adversely affecting the work of various institutes.

91. An assessment of data already existing in the architectural, archaeological and movable inventories is ongoing. By the autumn 2006, the Ministry is expected to produce maps indicating areas not yet covered by the inventory and identify steps needed to include them. Twelve Ministry officials and experts are undergoing training on the management of inventory databases.

Cultural heritage: challenges ahead

92. Condemnation by political and community leaders of incidents affecting cultural heritage sites needs to continue. The public needs to cooperate with law enforcement in these cases.

93. The draft Law on Cultural Heritage needs to be adopted after incorporating amendments agreed to with the Office of the Special Envoy.

94. Further progress is needed on the inventories.

Dialogue

95. An ad hoc session of the Working Group on Missing Persons was held on 16 May with two new members appointed by the Prime Minister, one a leading human rights activist and the other a former KLA associate, the expectation being that they would be in a better position to assist in securing data on gravesites and the fates of the missing. The Working Group met in plenary session in Belgrade on 31 May. Although some limited progress has been made, new information leading to a resolution of the fate of remaining missing is needed, in particular the information on additional gravesites.

96. On 23 June, the third session of the Working Group on Returns was held in Belgrade. Agreement was reached to establish at least one sub-working group, chaired by UNHCR, to work on various technical issues including tracking the implementation of the Returns Protocol.

Dialogue: challenges ahead

97. The Pristina-Belgrade dialogue process needs to continue and to deliver concrete results as much as possible, given the ongoing talks on Kosovo's status.

Kosovo Protection Corps

98. The Kosovo Protection Corps continued to perform its functions in accordance with the law and its disciplinary code during the reporting period.

99. On 1 August, 20 minority community members joined KPC (from the Kosovo Serb, Bosniak, Croat, Roma and Egyptian communities), 19 of them entering the active contingent. Ethnic minority representation continued to rise, to 7.1 per cent from 6.8 per cent in April, bringing the total number to 216 minority members (52 Kosovo Serbs) of the active contingent.

100. The representation of women in the active contingent rose slightly, to 3.1 per cent. Women are represented at all levels of KPC and continue to occupy relatively more senior ranks than men.

101. KPC has undertaken the lead role in completing reconstruction work in Svinjare/Svinjare village in Mitrovica municipality, as reported in paragraph 47 above. In addition, KPC remains involved in many other returns and civil and humanitarian projects.

102. On 26 June, the KPC Disciplinary Board was convened for the first time under the new disciplinary code, which transferred responsibility for staffing and for investigating major and minor disciplinary cases from KFOR to KPC. The Board recommended dismissal of 14 active KPC members for absenteeism. Excluding

absenteeism cases (which constitute approximately 54 per cent of the 70 cases implemented in 2005), there has been an estimated 60 per cent decrease in disciplinary cases since 2002.

103. KPC explosive ordnance disposal teams cleared 402,995 square metres of land from 3 April, when the demining season began, to 4 August 2006.

Kosovo Protection Corps: challenges ahead

104. The efforts to recruit and retain minority community members need to continue.

105. KPC needs to continue to reach out to minority communities, to reassure them of their future in Kosovo and KPC, and contribute to reconciliation and a stable environment in Kosovo.

106. Political and financial support is still needed for mission-essential equipment, infrastructure and specialized training in order for KPC to continue to become more professional.

Annex II

A. Composition and strength of the police component of the United Nations Interim Administration Mission in Kosovo (as at 14 August 2006)

Country	*Number*	*Country*	*Number*
Argentina	11	Malaysia	2
Austria	22	Nepal	19
Bangladesh	32	Netherlands	1
Brazil	2	Nigeria	32
Bulgaria	33	Norway	19
China	18	Pakistan	153
Croatia	2	Philippines	44
Czech Republic	11	Poland	123
Denmark	23	Portugal	7
Egypt	20	Romania	172
Finland	2	Russian Federation	47
France	55	Slovenia	14
Germany	189	Spain	13
Ghana	15	Sweden	41
Greece	10	Switzerland	7
Hungary	7	Timor-Leste	10
India	91	Turkey	134
Italy	29	Ukraine	183
Jordan	20	United Kingdom of Great Britain and Northern Ireland	61
Kenya	17	United States of America	252
Kyrgyzstan	5	Zambia	9
Lithuania	8	Zimbabwe	20
Malawi	5		
Total			**1 990**

B. Composition of the Kosovo Police Service (as at 14 August 2006)

Category	*Percentage*	*Number*
Kosovo Albanians	84.05	6 093
Kosovo Serbs	10.17	737
Other ethnic minority members	5.78	419
Total	**100**	**7 249**
Men	86.33	6 258
Women	13.67	991

Annex III

Composition and strength of the military liaison component of the United Nations Interim Administration Mission in Kosovo (as at 14 August 2006)

Country	*Number of liaison officers*
Argentina	1
Bangladesh	1
Bolivia	1
Bulgaria	1
Chile	1
Czech Republic	1
Denmark	1
Finland	2
Hungary	1
Ireland	4
Italy	1
Jordan	2
Kenya	1
Malawi	1
Malaysia	1
Nepal	1
New Zealand	1
Norway	1
Pakistan	1
Poland	1
Portugal	2
Romania	2
Russian Federation	2
Spain	2
Ukraine	2
United Kingdom of Great Britain and Northern Ireland	1
Zambia	1
Total	37

Map No. 4133 Rev. 26 UNITED NATIONS
August 2006

Department of Peacekeeping Operations
Cartographic Section